

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Monamas Terrace Apartments, located at 40920 Los Alamos Road in Murrieta, requested and is being recommended for a reservation of \$3,005,775 in annual federal tax credits to finance the new construction of 138 units of housing serving large families with rents affordable to households earning 30-80% of area median income (AMI). The project requested \$17,060,232 in state tax credits, but due to the limited availability, is not being recommended any state tax credits. The project will be developed by Community Development Partners and will be located in Senate District 28 and Assembly District 67.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-763

Project Name Monamas Terrace Apartments
Site Address: 40920 Los Alamos Road
Murrieta CA, 92562 County: Riverside
Census Tract: 432.06

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$3,005,775	\$17,060,232
Recommended:	\$3,005,775	\$0

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Monamos Terrace LP
Contact: Kyle Paine
Address: 3416 Via Oporto, Suite 301
Newport Beach CA, 92663
Phone: 949-467-1344
Email: kyle@communitydevpartners.com

General Partner(s) or Principal Owner(s): Monamos CDP LLC
PacH Lancaster Holdings, LLC
TEREDS LLC

General Partner Type: Joint Venture
Parent Company(ies): Community Development Partners
Pacific Housing, Inc.
Etapes Corporation

Developer: Community Development Partners
Bond Issuer: California Municipal Finance Auth.
Investor/Consultant: R4 Capital
Management Agent: FPI Management Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 9
 Total # of Units: 139
 No. / % of Low Income Units: 138 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-Based Vouchers (8 Units - 5%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 14	10%
50% AMI: 14	10%
60% AMI: 82	59%
80% AMI: 28	20%

Unit Mix

57 1-Bedroom Units
36 2-Bedroom Units
37 3-Bedroom Units
9 4-Bedroom Units
<u>139 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	\$444
2 2 Bedrooms	30%	\$533
2 3 Bedrooms	30%	\$616
8 4 Bedrooms	30%	\$343
6 1 Bedroom	50%	\$740
4 2 Bedrooms	50%	\$888
4 3 Bedrooms	50%	\$1,027
42 1 Bedroom	60%	\$888
18 2 Bedrooms	60%	\$1,066
22 3 Bedrooms	60%	\$1,233
7 1 Bedroom	80%	\$1,036
12 2 Bedrooms	80%	\$1,244
8 3 Bedrooms	80%	\$1,438
1 4 Bedrooms	80%	\$1,604
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,524,000
Construction Costs	\$38,254,878
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,853,897
Soft Cost Contingency	\$338,163
Relocation	\$125,000
Architectural/Engineering	\$1,250,000
Const. Interest, Perm. Financing	\$3,999,377
Legal Fees	\$250,000
Reserves	\$387,351
Other Costs	\$4,320,909
Developer Fee	\$9,633,893
Commercial Costs	\$0
Total	\$64,937,469

Residential

Construction Cost Per Square Foot:	\$327
Per Unit Cost:	\$467,176
True Cash Per Unit Cost*:	\$425,062

Construction Financing

Source	Amount
Citibank - Tax-exempt	\$34,270,000
Citibank -Taxable	\$14,400,000
County HOME	\$2,500,000
Cost Deferred to Conversion	\$255,702
Deferred Developer Fee	\$8,499,893
Tax Credits Equity	\$5,011,875

Permanent Financing

Source	Amount
Citibank	\$16,488,580
County HOME Loan	\$2,500,000
Deferred Developer Fee	\$5,853,893
State Credit Backfill (TBD)	\$13,646,821
Tax Credit Equity	\$26,448,175
TOTAL	\$64,937,469

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$57,803,360
130% High Cost Adjustment:	Yes
Requested Eligible Basis:	\$0
Applicable Fraction:	100.00%
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$3,005,775
Total State Credit:	\$0
Approved Developer Fee (in Project Cost & Eligible Basis):	\$9,633,893
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.87991
State Tax Credit Factor:	\$0.79992

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The applicant's estimate for annual operating expenses per unit is below the \$4,700 published per unit operating expense minimum required for this type of project. As allowed by TCAC Regulation Section 10327(g)(1), TCAC approves the annual per unit operating expense total of \$4,276 in agreement with the permanent lender and equity investor.

Resyndication and Resyndication Transfer Event: None.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.